

**Members:**

Sen. Patricia Miller, Chairperson  
Sen. Robert Meeks  
Sen. Joseph Zakas  
Sen. Rose Antich  
Sen. Lonnie Randolph  
Sen. Vi Simpson  
Rep. William Bailey  
Rep. Charlie Brown  
Rep. William Crawford  
Rep. Ralph Ayres  
Rep. Vaneta Becker  
Rep. David Frizzell



## **SELECT JOINT COMMITTEE ON MEDICAID OVERSIGHT**

**Legislative Services Agency  
200 West Washington Street, Suite 302  
Indianapolis, Indiana 46204-2789  
Tel: (317) 232-9855 Fax: (317) 232-2554**

**LSA Staff:**

Barry Brumer, Attorney for the Committee  
Al Gossard, Fiscal Analyst for the Committee

**Authority:** HEA 1156-1998

### **MEETING MINUTES<sup>1</sup>**

Meeting Date: March 31, 1998  
Meeting Time: 1:00 P.M.  
Meeting Place: State House, 200 W. Washington St.,  
Room 431  
Meeting City: Indianapolis, Indiana  
Meeting Number: 1

Members Present: Sen. Patricia Miller, Chairperson; Sen. Robert Meeks; Sen. Lonnie Randolph; Rep. William Bailey; Rep. Charlie Brown; Rep. William Crawford; Rep. David Frizzell.

Members Absent: Sen. Joseph Zakas; Sen. Rose Antich; Sen. Vi Simpson; Rep. Ralph Ayres; Rep. Vaneta Becker.

Senator Miller called the meeting to order at 1:10 P.M. She briefly introduced members of the Committee and staff.

#### **Proposed Contract for Processing Provider Claims for Payment**

Kathleen Gifford, Assistant Secretary of the Family and Social Services Administration in charge of the Office of Medicaid Policy and Planning (OMPP), presented Committee members with an overview of the proposed contract for processing provider claims for reimbursement between OMPP and EDS. She reviewed the procedure that OMPP used to select EDS as the vendor to carry out this contract and reviewed information

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<sup>1</sup>Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House, Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for copies. These minutes are available on the Internet at the General Assembly homepage at <http://www.ai.org/legislative/>

pertaining to the proposed contract (see Exhibits 1 and 2).

In response to questions from Committee members, Ms. Gifford: (1) explained how quality is supervised and how providers participate in the selection process; (2) assured Committee members that OMPP wants to follow up on all provider reimbursement problems presented to Committee members; and (3) noted that the proposed contract contains several performance requirements and measures not present in the current contract.

Senator Meeks asked if the proposed contract addresses the problems discussed by Committee members during the past two years, and asked for examples of specific changes between the current contract and the proposed contract. Ms. Gifford related that OMPP first split the current contract into three parts: (1) Claims processing and related services; (2) Medical policy and review services; and (3) Third-party liability and drug rebate services. The first and third parts of the contract were awarded to EDS, while the second part was awarded to Health Care Excel, Incorporated (HCE). Ms. Gifford agreed with Senator Meeks that communication between all the contractors is key. Philip Morphew, CEO of HCE, briefly addressed the Committee and assured the members that all employees working on this contract will be located in Indianapolis. He distributed a copy of HCE's 1997 Annual Report to Committee members (see Exhibit 3). In response to a question by Representative Brown, Pat Nolting of OMPP stated that HCE will communicate with EDS by using the same processing system. She then briefly explained the process used by OMPP to award the medical policy and review services contract to HCE. Ms. Gifford noted that HCE is currently involved in quality control for OMPP's managed care program.

A short discussion was then held between Ms. Nolting, Ms. Gifford, and Committee members regarding penalties for nonperformance by EDS and HCE. Ms. Gifford addressed Senator Meeks' concern about multiple contractors by assuring him that the operations would be as seamless as possible. Representative Bailey suggested that the Committee identify any seams that need to be addressed.

Representative Frizzell asked to see the results of an annual provider satisfaction survey that OMPP sends to provider associations. Pat Nolting agreed to provide this information to Committee members.

Ms. Gifford and Committee members held a brief discussion regarding prior authorization. Ms. Gifford asserted that OMPP is attempting over time to reduce the number of circumstances under which prior authorization is required.

Committee members briefly discussed the proposed contract. Senator Meeks asked if complaints received by members should be channeled to Ms. Gifford. Ms. Gifford agreed. Senator Miller advocated calling Ms. Gifford directly in order to give OMPP a direct sense of what Committee members are hearing. Ms. Nolting then described some of the increased quality measures in the proposed contract, including requirements that EDS provide more field representatives, more support staff, and tighter time frames for corrections.

Senator Miller asked Committee members if they have as much information as they need to determine whether the Committee's review of the proposed contract was complete. Representative Brown asked for an executive summary of the proposed contract, and Mary Simpson of EDS stated that she would supply him with a copy.

### **Case-Mix Reimbursement**

Judith Becherer of OMPP noted that OMPP has been working diligently since February to assure implementation of case-mix reimbursement by October 1, 1998. She provided Committee members with an overview of the agreement between OMPP and the Indiana Health Care Association and others regarding case-mix reimbursement (see Exhibit 4). In particular, she noted that case-mix will be implemented without a phase in period, that a new rule is being implemented, and that medians in effect at the time of implementation will be the floor below which adjustments to the medians cannot fall. \$9.6 million in state funds are added to the reimbursement system. In return, providers pledge no litigation until at least January 1, 2001. Ms. Becherer related that the public hearing on the new proposed rule will be held on April 27th at 10:00 A.M. She reported that OMPP has sent a letter to nursing home providers outlining case mix and the time line for implementation.

In response to questions by Committee members, Ms. Becherer explained how decisions are made regarding which treatment category a patient is assigned to and how the categories are formed. She noted that the first provider meeting will take place on April 6th, that provider training sessions have been scheduled, and that OMPP is working with the Indiana Department of Health to implement the newest Minimum Data Set system.

Vince McGowen from the Indiana Health Care Association expressed happiness that a resolution was reached between his organization and OMPP and thanked the Committee for its work. Jim Leich from the Indiana Association of Homes for the Aging also declared that he is happy that a good conclusion was reached, that he anticipates a productive relationship with OMPP, and that having 2 1/2 uninterrupted years under one payment system would be good.

### **EDS Update**

Mary Simpson from EDS presented Committee members with an update on EDS processing statistics (see Exhibit 5).

### **Committee Discussion**

Senator Miller asked Ms. Becherer to provide Committee members with minutes from case mix provider meetings. After brief discussion, Senator Miller suggested that the Committee's next meeting take place in mid May and begin in the morning.

Senator Miller adjourned the meeting at 2:35 P.M.